



**Child Development  
Division**

**MANAGEMENT  
BULLETIN**

<b>Subject:</b> <b>Eligibility for CalWORKs Stage 3 Services after January 31, 2002</b>	<b>No.:</b> <b>01-18</b>
<b>Authority:</b> <b><i>Education Code Section 8354</i></b> <b>Fiscal Year 2001-2002 State Budget Act</b>	<b>Date:</b> <b>October 2001</b>
<b>Expires: June 30, 2002</b>	

**ATTENTION:**     **Alternative Payment Programs Providing CalWORKs Stage 2 and  
Stage 3 Services**

**PURPOSE**

This Management Bulletin instructs CalWORKs Stage 2 and Stage 3 contract agencies that there are insufficient funds in the 2001-2002 State Budget to enroll eligible families into CalWORKs Stage 3 contracts effective February 1, 2002, and through June 30, 2002. This Bulletin provides instructions for informing families who time out of CalWORKs Stage 2 in January 2002, and subsequent months of Fiscal Year (FY) 2001-2002, that their eligibility and subsidy for CalWORKs child care will cease the first of the month after the month in which the family times out of Stage 2.

**BACKGROUND**

The current year State Budget Act limits eligibility for CalWORKs Stage 3 child care to only those families who have fully exhausted their eligibility to CalWORKs Stage 1 and/or Stage 2. Families have fully exhausted eligibility in Stages 1 and/or 2 if there have been 24 consecutive months after the family has left cash assistance or after the family has been determined eligible for Diversion Services [California Code of Regulations (CCR) Title 5, Sections 18408 (b) and (c)]. In previous fiscal years, the Governor and the Legislature have appropriated sufficient funds in Stage 3 to serve all families that time out of Stage 1 or 2 child care. Consequently, agencies have been able to move all timing out families into Stage 3 after they have timed out of Stage 1 or 2.

In FY 2001-2002, insufficient funds have been appropriated for Stage 3 to serve all families who will time out of Stage 1 or 2. In his veto message, the Governor directed that Stage 3 would have sufficient funds to serve the existing caseload, as well as all families that would become eligible for Stage 3 services prior to February 1, 2002. Therefore, there are insufficient funds to provide Stage 3 services to all families who would become eligible for Stage 3 services between February and June 2002. It was hoped that the Legislature and Governor would be able to identify additional funds to serve all families eligible for Stage 3 this year; however, to date this has not occurred. While it still may be possible that additional funds may be appropriated for Stage 3, agencies must immediately begin the process to notify families that will be timing out between January 31 and May 31, 2002, that their child care will not continue. All parental appeals from these families must be completed before the family becomes ineligible for Stage 2. Agencies will be unable to pay for child care after the families' eligibility for Stage 2 is exhausted and families have timed out. Child Development Division (CDD) staff have reviewed the appeal process available to families when child care is reduced or terminated. We have identified that the appeal process can take up to 88 days to complete. Since there is no alternative funding source for child care services that are required to be provided during the parental appeals for these families, the process must be completed while the family remains eligible for Stage 2 child care.

### **PROGRAM DIRECTIVE**

Effective November 1, 2001, CalWORKs Stage 2 agencies should notice families that will time out of Stage 2 child care on January 31, 2002, pursuant to CCR, Title 5, Sections 18408 (b) and (c), that the last day of their CalWORKs child care subsidy will be January 31, 2002. Agencies must comply with CCR, Title 5, Section 18419, including specifying the basis for termination; and Section 18418 regarding instructions to parents about their appeal rights. Agencies must provide a fair and impartial hearing to any family who files an appeal. By noticing timing out families at least three months in advance, families will be able to fully exhaust their appeal rights prior to CalWORKs child care subsidies being terminated in Stage 2. This will prevent agencies from incurring costs that CDD cannot reimburse.

Families that time out at the end of February, March, April, and May 2002 should be given the same notice no less than three months in advance. It is recommended that not all these families be noticed at the same time. This will assist in spreading out the parental appeal workload so that agencies, as well as CDD, will be sure to have the resources to process all appeals within required timelines.

Four attachments are provided with this Management Bulletin to assist agencies in notifying timing out families and to assure that the same language is provided to all impacted families statewide. We are in the process of translating the attachments into Spanish and will supply them to agencies shortly.

Attachment A: Notice of Action language that must be used by all agencies when noticing families that their CalWORKs child care is being terminated due to insufficient Stage 3 funds.

Attachment B: Suggested language to be utilized by the agency's hearing officer when the hearing decision finds that the family is no longer eligible for CalWORKs child care because either the family has been off cash assistance for 24 consecutive months or was determined eligible for Diversion services and 24 consecutive months have expired.

Attachment C: A letter that must be sent to families whose CalWORKs child care will be terminated February 1, 2002, because of insufficient Stage 3 funds at the end of January 2002. The letter is designed to clearly inform families of the reason that their child care is being terminated. It also specifies that the only appealable issue is whether the 24-month clock has been correctly calculated.


Attachment D: A letter to be sent to families whose CalWORKs child care will be terminated because of insufficient Stage 3 funds at the end of February, March, April, or May 2002. This letter is designed to clearly inform families that they will be receiving a Notice of Action in the coming weeks that their child care will terminate when their 24 months of eligibility in Stage 1 and/or 2 is exhausted, and to specify that the only appealable issue is whether the 24-month clock has been calculated correctly. Agencies should send this letter to families that will time out in February through May 2002 as soon as possible, and ensure that these families are formally noticed at least three months before their child care will terminate.

When CalWORKs child care is terminated for timing out families due to insufficient Stage 3 funds, agencies are not to give priority to these families to transfer into other child care contracts. These families must be placed on agencies' waiting lists and prioritized according to CCR, Title 5, Section 18106. In accordance with Section 18424(e)(4) of the regulations, agencies should not create a separate waiting list unique to Stage 3.


Even if agencies have funds in their existing Stage 3 contracts to provide services to timing out families after January 31, 2002, it is still necessary for those agencies to notice families according to the above instructions and terminate care effective February 1, 2002. Language in the State Budget Act and the Governor's veto of Stage 3 funds is clear that the money appropriated for Stage 3 is to ensure child care services to families enrolled prior to February 1, 2002. CDD, in conjunction with Child Development Fiscal Services staff, will be reviewing contract amounts and will reduce contracts with excess funds in order to ensure all agencies have funds to carry remaining Stage 3 families for the entire 2001-2002 fiscal year for families enrolled in Stage 3 prior to February 1, 2002.

Any agency that believes that they do not have sufficient funds in the current fiscal year to serve their existing Stage 3 caseload as well as families timing out of Stage 1 and 2 through December 31, 2001, should contact their CalWORKs Fiscal Analyst immediately.

Questions regarding the information in this Management Bulletin or the process by which families' CalWORKs child care must be terminated should be addressed to Nancy Remley at (916) 323-1329 or Mike Fuller at (916) 322-6248.



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Child Development Division



Kathy B. Lewis  
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- Attachments:
- A. Language to be Specified in Notice of Action Section 7
  - B. Language to be Utilized by Hearing Officer When Denying a Parental Appeal
  - C. Letter to Stage 2 Families with Child Care Terminating February 1, 2002
  - D. Letter to Stage 2 Families Timing Out February-May 2002

This Management Bulletin is mandatory only to the extent that it cites a specific statutory and/or regulatory requirement. Any portion of this Management Bulletin that is not supported by a specific statutory and/or regulatory requirement is not prescriptive pursuant to Education Code 33308.5.

**NOTICE OF ACTION:  
LANGUAGE TO BE SPECIFIED IN SECTION 7, “REASON FOR ACTION”**

1. Agencies should use the following language in the Notice of Action for former CalWORKs cash aided families:

“Effective February 1, 2002, your CalWORKs Stage 2 child care subsidy will be terminated. On February 1, 2002, you will have been off CalWORKs cash assistance for 24 consecutive months without going back on cash assistance or being determined eligible for CalWORKs diversion services during that time. You are no longer eligible for CalWORKs Stage 2 child care as of February 1, 2002. Although you are eligible for CalWORKs Stage 3 child care, there are insufficient CalWORKs Stage 3 funds to continue your child care services.”

2. Agencies should use the following language in the Notice of Action for former CalWORKs Diversion families:

“Effective February 1, 2002, your CalWORKs Stage 2 child care subsidy will be terminated. On February 1, 2002, you will have been eligible for CalWORKs Diversion services for 24 months and did not go on CalWORKs cash assistance during that time. You are no longer eligible for CalWORKs Stage 2 child care as of February 1, 2002. Although you are eligible for CalWORKs Stage 3 child care, there are insufficient CalWORKs Stage 3 funds to continue your child care services.”

## **SUGGESTED LANGUAGE TO BE UTILIZED BY THE AGENCY'S HEARING OFFICER WHEN DENYING A PARENTAL APPEAL**

1. Agencies may use the following language in a hearing decision for former CalWORKs cash aided families:

"On (date), this agency conducted a hearing to respond to your disagreement with our decision to terminate CalWORKs child care services. The basis for your hearing request was that you had not been off CalWORKs cash assistance for 24 consecutive months prior to the termination of CalWORKs Stage 2 child care services. The hearing officer who conducted the hearing reviewed any documents provided and listened to any explanation that you gave in support of your position.

There was no documentation provided that contested the agency's determination that you had been off cash assistance for a consecutive 24 months. There was no evidence presented that factually indicated that you might have gone back on CalWORKs cash assistance or have been determined eligible for CalWORKs Diversion services during that 24 month period. Therefore, your appeal is denied."

2. Agencies should use the following language in a hearing decision for former CalWORKs Diversion families:

"On (date), this agency conducted a hearing to respond to your disagreement with our decision to terminate CalWORKs child care services. The basis for your hearing request was that 24 months have not passed since you had been determined eligible for CalWORKs Diversion services. The hearing officer who conducted the hearing reviewed any documents provided and listened to any explanation that you gave in support of your position.

There was no documentation provided that contested the agency's determination that you had been determined eligible for CalWORKs diversion services 24 months ago. There was no evidence presented that factually indicated that you might have gone on CalWORKs cash assistance during that 24-month period. Therefore, your appeal is denied."

## **LETTER TO STAGE 2 FAMILIES THAT WILL HAVE THEIR CHILD CARE TERMINATED FEBRUARY 1, 2002**

Instructions to CalWORKs Stage 2 Agencies:

1. This language is to be put on your agency's letterhead.
  2. This language is to be sent only to those Stage 2 families whose last day of subsidy in Stage 2 will be January 31, 2002.
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This letter is to inform you that your CalWORKs child care subsidy will end January 31, 2002. As of February 1, 2002, Alternative Payment Program agencies will no longer be able to reimburse your child care provider for caring for your child.

You are currently eligible for a child care subsidy through CalWORKs Stage 2 child care because you have been off CalWORKs cash assistance less than 24 months or you were determined eligible for CalWORKs Diversion services less than 24 months ago. During this time, you met all other CalWORKs child care eligibility requirements. On January 31, 2002, you will have completed 24 months off cash assistance, or 24 months will have passed from the determination of Diversion services, without subsequently returning to aid. This means you will no longer qualify for CalWORKs Stage 2 child care.

Alternative Payment Program agencies have not been provided with sufficient funds in other CalWORKs contracts to continue providing you with child care services beyond January 31, 2002. This letter is to give you notice that your child care will end. You must continue to meet all CalWORKs child care eligibility requirements in order to continue your child care through January 31, 2002.

We are attaching a Notice of Action that formally informs you that your child care will be terminating February 1, 2002. The Notice of Action also informs you of your appeal rights. You may appeal this action, but the only reason you can appeal is whether your 24 months off aid, or from Diversion services eligibility determination, has been calculated correctly. If you believe that the agency has made a mistake in counting the 24 months you have been off cash assistance or determined eligible for Diversion, you may file an appeal by following the steps that are explained in the Notice of Action. You may not appeal termination of child care for other reasons.

We are aware that child care is critical for your family and regret that this action must be taken. Our agency will provide you with assistance in this matter including referrals for other child care subsidies. If you have questions, please contact (agency name and phone number to contact).

## **LETTER TO FAMILIES WHO WILL TIME OUT OF STAGE 2 CHILD CARE END OF FEBRUARY THROUGH END OF MAY 2002**

Instructions to CalWORKs Stage 2 Agencies:

1. This language is to be put on your agency's letterhead.
  2. This letter is to be sent to those Stage 2 families that will time out of Stage 2 at the end of February, March, April, and May 2002.
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This letter is to inform you that your CalWORKs child care subsidy will end (last day of child care subsidy) 2002. As of (month child care subsidy will no longer be available) 1, 2002, Alternative Payment Program agencies will no longer be able to reimburse your child care provider for caring for your child.

You are currently eligible for a child care subsidy through CalWORKs Stage 2 child care because you have been off CalWORKs cash assistance less than 24 months or you were determined eligible for CalWORKs Diversion services less than 24 months ago. During this time, you met all other CalWORKs child care eligibility requirements. On (month and date of last Stage 2 payment) 2002, you will have completed 24 months off cash assistance, or 24 months from the determination of Diversion services, without subsequently returning to aid. On that date you will no longer qualify for CalWORKs Stage 2 child care.

Alternative Payment Program agencies have not been provided with sufficient funds in other CalWORKs contracts to continue providing you with child care services beyond (month and date of last child care payment). This letter is to give you notice that your child care will end. You must continue to meet all CalWORKs child care eligibility requirements in order to continue your child care until (month and date of last child care payment).

No later than three months before your child care will be terminated, we will send you a Notice of Action that formally informs you that your child care will be terminating (month and date of termination) 2002. The Notice of Action will also inform you of your appeal rights. You may appeal this action, but the only reason you can appeal is whether you 24 months off aid, or from Diversion services eligibility determination, has been calculated correctly. If you believe that the agency has made a mistake in counting the 24 months you have been off cash assistance or determined eligible for Diversion, you may file an appeal by following the steps that are explained in the Notice of Action. You may not appeal termination of child care for other reasons.

We are aware that child care is critical for your family and regret that this action must be taken. Our agency will provide you with assistance in this matter including referrals for other child care subsidies. If you have questions, please contact (agency name and phone number to contact).